



# Los Angeles County AUDIT COMMITTEE

Gerardo Pinedo, Chair  
2<sup>nd</sup> District  
Carl Gallucci, Vice-Chair  
4<sup>th</sup> District  
Louisa Ollague  
1<sup>st</sup> District  
Genie Chough  
3<sup>rd</sup> District  
Lori Glasgow  
5<sup>th</sup> District

## MINUTES APRIL 17, 2008

Chair Gerardo Pinedo called the meeting to order at 1:40 p.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

### Committee Members Present

Gerardo Pinedo, Second District  
Louisa Ollague, First District  
Lisa Mandel, Third District  
Representing Genie Chough  
Lori Glasgow, Fifth District

### Committee Members Absent

Carl Gallucci, Fourth District

### Others in Attendance

Maria Oms, Auditor Controller  
Don Chadwick, Auditor Controller  
Jim Schneiderman, Auditor Controller  
Lee Millen, Board of Supervisors  
Juanita Smith, Board of Supervisors

### Approval of Minutes

On motion of Lori Glasgow, seconded by Louisa Ollague and unanimously carried, the minutes of April 17, 2008, were approved as submitted.

### Old Business

Board Policy Sunset Review – Policy 5.100 (11/29/06): Gerardo Pinedo advised that Board Policy 5.100 was approved at a previous Audit Committee meeting and recommended that the Audit Committee remove it from the Audit Agenda and replace it with Agenda Item DHS Sole Source, which will be continued to the May 15, 2008, Audit Committee meeting.

Review of Board Policy Number 5.045 – Sunset Review Date (7/17/07): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved continuing this item to its May 15, 2008, Audit Committee meeting.**

Fiscal Review of Shamrock Cottage, Inc. – A Group Home Foster Care Contractor (12/17/07).

Discussion of Group Home and FFA Collection Process: Tom Fagan, County Counsel, presented a detailed report on whether or not the County had the ability to file a Lien. There are regulations pending before the Department of Social Services that will implement Senate Bill 84 that addresses the recovery of overpayments.

Louise Ollague inquired if Shamrock Cottage, Inc., could be placed on the “Do Not Contract List” to prevent future contracts because of their outstanding debt to the Department.

Counsel advised that disbarment is one mechanism available to the County to cease contracting with a particular agency. The same Ordinance that addresses disbarment also addresses the finding of non responsibility which is another available option to remove a contractor from the pool of potential contracting partners. Some Departments have been able to remove an agency as a potential contractor due to a documented low job performance rating, prior to reaching a no confidence stage.

Personal Involvement Center Contract Compliance and Follow-up Reviews – A Department of Children and Family Services and Mental Health Services Provider (2/1/08): Don Chadwick reported that they had already responded to Dana Blackwell, 2<sup>nd</sup> District, via e-mail regarding this issue. **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Contract Monitoring Review Follow-up – The Community College Foundation Monitoring Report 12/27/07 (3/13/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Prop A Cost Analysis (Discussion Item) (3/25/08): Jim Schneiderman, Auditor Controller's Office reported that under the new Policy they will review existing contracts, renewals, and amendments where the annual cost is \$1 million dollars; Departments were unsure what the threshold was for review.

In response to Louise Ollague, Maria Oms noted that current internal databases do not track Prop A contracts. Don Chadwick advised that the Office of Affirmative Action Compliance (OAAC) maintains a database on Prop A contracts, however, he is uncertain as to the data provided.

In response to Gerardo Pinedo, Mr. Chadwick will review the effectiveness of the OAAC's database tracking system and provide a recommendation to the Audit Committee regarding a database tracking system that can effectively track Prop A contracts under \$1 million dollars. **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

General Fund Department (list to be provided): Jim Schneiderman reported that based on instructions from the CEO's Office the Auditor Controller will start billing all departments including General Fund departments. A list of billings by Departments was provided. Discussions with the Treasurer and Tax Collectors' Office are ongoing regarding their dispute on the need to pay.

At the request of Chair Pinedo, Jim Schneiderman agreed to provide an update on the progress of the General Fund Department issue at the next May 15, 2008, Audit Committee meeting. **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

A-C Contract Accounting and Administration Handbook (Discussion Item): Michael McWatters, Auditor Controller's Office, discussed and provided a detailed report on the updated A-C Contract Accounting and Administration Handbook. The document gives minimum requirements and guidelines to contractors on financial reporting, internal controls, and cost principles (copy on file).

Louisa Ollague noted that the Department of Health Services has a database that monitors contract fees, however, it requires due diligence in the data input of contract details and financial reports. Without internal controls to identify contract payments and fees, DHS will be unable to effectively respond to the Committee's questions.

In response to Louisa Ollague, Don Chadwick stated that the Auditor Controller's Office can validate contract financials in CCMS, however, fiscal audits would outline the Department's contract management.

Mr. McWatters noted that the Handbook is in draft form, however, when finalized as Policy Departments would be advised that it does not apply to contracts under \$100,000. Maria Oms agreed to report back at the May 15, 2008, Audit Committee meeting prior to finalizing the Handbook.

Chair Pinedo requested that the Auditor Controller consider language that requires notification of the Board of Directors and Executive Director, to pre-empt any potential problems. Maria Oms agreed to provide a copy of the Auditor Controller's Monitoring Report to the Board of Directors.

Sunset Review – Board Policy No. 2.010 – Policy That No Items Be Placed on the Board Agenda Until Related Documents Are on File (10/9/07): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved extending the Sunset Review Date to April 12, 2010.**

Special Services for Groups Contract – A Community and Senior Services Workforce Investment Act Program Provider (2/20/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Los Angeles County Office of Education – A Department of Public Health HIV/AIDS Preventive Care Services Provider (2/29/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Ettie Lee Foster Family Agency Contract Review – A Department of Children and Family Services Foster Family Agency Service Provider (3/4/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Internal Control Certification Program For Fiscal Year 2007-2008 (3/4/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved continuing this item to its May 15, 2008, Audit Committee meeting.**

Proposition A Contract – Internal Services Department Parking Facility Management (Board Agenda March 11, 2008 Item 13) (3/6/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Audit of the Los Angeles County Treasury and Review of the Treasury Oversight Committee's Compliance with Government Code Requirements for the Year Ended June 30, 2006 (3/11/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

New Directions, Inc. Contract – A Community and Senior Services Workforce Investment Act Program Provider (3/12/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Los Angeles Conservation Corps – A Department of Public Social Services Community Services Block Grant Program Provider (3/12/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Catholic Healthcare West DBA California Hospital Medical Center Contract Review – A Department of Mental Health Service Provider (3/12/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Los Angeles County Office of Education Contract – A Community and Senior Services Workforce Investment Act Program Provider (3/24/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Fiscal Review of the Sherman Group, Incorporated – A Group Home Foster Care Contractor (3/25/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved continuing this item to its May 15, 2008, Audit Committee meeting.**

Department of Community and Senior Services – Fiscal Monitoring of Area Agency on Aging Program Services for Fiscal Year 2005-06 (3/25/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved continuing this item to its May 15, 2008, Audit Committee meeting.**

Status Report on Probation Department's Evidence – Based Practices Training (Board Agenda 12/4/2007, Item #45) (3/28/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Children of the Village Foster Family Agency (Formally Wilene's Children of the Village) Contract Review – A Department of Children and Family Services Service Provider (3/31/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Revolving Funds and Revolving Cash Trust Funds as of June 30, 2007 (4/1/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report - Washington Hancock Group Home (4/1/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – Sonya Love Guidance Center Group Home (4/1/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Group Home Program Monitoring Report – Homes of Hope, Incorporated – Casa Esperanza Treatment Center Group Home (4/1/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Gay and Lesbian Adolescent Social Services Foster Family Agency Contract Review – A Department of Children and Family Services Foster Family Agency Service Provider (4/1/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Haven House, Inc. – A Department of Public Social Services Community Services Block Grant Program Provider (4/2/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Constitutional Rights Foundation – A Department of Public Social Services Community Services Block Grant Program Provider (4/2/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved continuing this item to its May 15, 2008, Audit Committee meeting.**

Department of Justice Settlement Agreement – March 2008 Monitoring Results (4/2/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Whittier Rio Hondo Aids Project Contract – A Department of Public Health HIV/AIDS Preventive Care Service Provider (4/3/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Excel Family Intervention Foster Family Agency Contract Review – A Department of Children and Family Services Provider (4/3/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved continuing this item to its May 15, 2008, Audit Committee meeting.**

William S. Hart Union High School District Contract – A Community and Senior Services Workforce Investment Act Program Provider (4/3/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Sunset Review Policy – 9.101 – Sexual Harassment Prevention Training for County Employees (4/4/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved extending the Sunset Review Date to May 21, 2013.**

Communities in School of South Bay, Inc. Contract – A Community and Senior Services Workforce Investment Act Program Provider (4/7/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved continuing this item to its May 15, 2008, Audit Committee meeting.**

Rosemary Children's Services Contract Compliance Review – A Department of Mental Health Service Provider (4/7/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Pasadena Unified School District Contract Compliance Review – A Department of Mental Health Service Provider (4/7/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Los Angeles County Office of Education County Contract Review – A Department of Public Social Services CalWORKs Support Services Program Provider (4/7/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Fiscal Review of B & I Group Home, Inc. – A Group Home Foster Care Contractor (4/7/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee approved continuing this item to its May 15, 2008, Audit Committee meeting.**

Koinonia Foster Homes, Inc. Contract Review – A Department of Children and Family Services Foster Family Agency Service Provider (4/8/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Fiscal Review of Murrell's Farm and Boy's Home – A Group Home Foster Care Contractor (4/8/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Intercommunity Child Guidance Center Contract Review – A Department of Mental Health Service Provider (4/8/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

Pacific Asian Consortium in Employment Contract – Workforce Investment Act Adult Special Needs Program (4/9/08): **On motion of Louisa Ollague, seconded by Lisa Mandel and unanimously carried, the Committee received and filed this report.**

### **Public Comment**

Eleanor R. Montano, Chair, Sybil Brand Commission, reported that at the Sybil Brand Commission's meeting on April 16, 2008, they were informed that 33 homes were on hold to be closed effective November 1, 2008. A Commissioner who conducted a group home inspection was informed that some group homes were not notified of an impending closure. The proposed group home closures will displace about 700 children, and returning them to their respective homes may do more harm than good.

Lisa Mandel reported that DCFS mailed out their notices in August 2007, and followed up with seven e-mail notices over a five month period and published notices with a closure date of February 29, 2008. However, 37 agencies missed the deadline and many agencies simply did not respond to have their contract renewed. She has requested a copy of DCFS's notification process.

DCFS is looking to license these agencies with other FFAs or through the State so the children will not have to be moved. Minors will not be displaced or returned to their former homes.

Chair Pinedo, recommended that Chair Montano contact Miguel Santana, DCEO, to discuss this issue in more detail.

He will speak with Mary Long, 2<sup>nd</sup> District, on this issue, and Lisa Mandel requested that Don Chadwick conduct a DCFS solicitation process review.

### **Other Business**

Helen Berberian, Fifth District, noted that she has not seen an Audit Report on Hillside Group Homes. Don Chadwick stated that the Audit Report is still in draft form. A letter was received from Mr. Hitchcock responding to the Auditor Controller's Office; a copy will be provided to the Audit Committee.

Following discussion, Ms. Berberian advised that she had not ever seen findings that disagree with a mental health diagnoses.

Mr. Chadwick noted that the Auditor Controller's Office has certified Mental Health Clinicians on their Audit team that review case files and case plans, however, treatment is not questioned, the goal is to ensure that the Needs and Services Plans have the key elements that are required by the County contract, and that the treatment corresponds to the Service Plans.

The Hillside Group Home report should be ready by next month's Audit Committee meeting, however, if the process is prolonged it will be made available the following month.

### **Adjournment**

There being no further business to conduct, the meeting was adjourned at 2:45 p.m.